



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-9034
(615) 741-2501

Justin P. Wilson
Comptroller

March 28, 2013

The Honorable Randy McNally, Chairman
Senate Finance, Ways and Means Committee
11 Legislative Plaza
Nashville, Tennessee 37243
and
The Honorable Charles Sargent, Chairman
House Finance, Ways and Means Committee
33 Legislative Plaza
Nashville, Tennessee 37243

Dear Chairmen:

Pursuant to Section 9-4-5202, Tennessee Code Annotated, the State Funding Board secures a report of the estimated growth rate of the State's economy for the coming fiscal year from The University of Tennessee's Center for Business and Economic Research (CBER). A copy of this report dated March 18, 2013, is attached. This estimate is based on the projection of growth of personal income contained within the broader economic forecast derived from the Tennessee Econometric Model. A detailed discussion of the forecast is provided in An Economic Report to the Governor of the State of Tennessee, dated January 2013. This report currently can be found on UT-CBER's website. [<http://cber.utk.edu/tefslst.htm>]

The statute directs the Board to determine the reasonableness of the estimated growth rate. In order to reach a conclusion as to reasonableness, the Board met on March 28, 2013, to discuss the estimate and the economic forecast from which it was derived. The Board was assisted in the effort by a staff paper prepared by Ms. Rachel Newton, Associate General Counsel to the Comptroller, and by Mr. Keith Boring, Chief Policy Advisor to the Secretary of State. This staff analysis, attached for your information, compares gross domestic product estimates produced by CBER with the estimates produced by other economic forecasting agencies as well as evaluates current economic conditions and trends via outside forecasts. The staff analysis and CBER's report on the estimated growth rate currently can be found on the Comptroller's website under "Investor Information- Investor Updates-Fiscal Year 7/1/12-6/30/13". [<http://www.comptroller.tn.gov/sl/InvestorUpdates.asp>]

After carefully reviewing the report and staff paper and discussing the forecast, the Board has directed me to convey to you our determination. The Board finds that the estimate of growth rate in Tennessee nominal personal income determined at 3.57% for fiscal year 2013 and 4.51% for fiscal year 2014 does not appear unreasonable.

Also, attached is a list of state tax and non-tax revenue sources as approved by the State Attorney General as of March 28, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", written over the word "Sincerely,".

Justin P. Wilson, Secretary
Tennessee State Funding Board

Attachments (3)
JPW:avb